

**New Jersey's Clean Energy Program
FY 2017 Program Descriptions and Budgets**

**Utility Residential Low Income
Comfort Partners Program and Clean Power Choice Program**

**Program Description and Budget
May 2016**

Residential Low Income Program “New Jersey Comfort Partners”

Description

The Residential Low Income Program known as Comfort Partners, managed by Atlantic City Electric, JCP&L, New Jersey Natural Gas, Elizabethtown Gas, PSE&G and South Jersey Gas is designed to improve energy affordability for low-income households through energy conservation. To achieve this objective, several market barriers must be overcome. Key among these are: (1) lack of information on either how to improve efficiency or the benefits of efficiency; (2) low income customers do not have the capital necessary to upgrade efficiency or even, in many cases, keep up with regular bills; (3) low income customers are the least likely target of market-based residential service providers due to perceptions of less capital, credit risk and/or high transaction costs; and (4) split incentives between renters and landlords. The Program addresses these barriers through:

- Direct installation of all cost-effective energy efficiency measures
- Comprehensive, personalized customer energy education and counseling
- Installation of health and safety measures as appropriate

Target Market and Eligibility

The Program is targeted at participants in the Universal Service Fund who have high energy usage. By definition this target population is characterized by high-energy burdens based on their income. Program participation will be prioritized by energy use with the highest energy users being served first.

The Program is available to any household with income at or below 225% of the federal poverty guidelines. Customers who receive Federal Supplemental Security Income (“SSI”), Home Energy Assistance (“HEAP”), Universal Service Fund (“USF”), Lifeline, Pharmaceutical Assistance to the Aged and Disabled (“PAAD”), Temporary Assistance to Needy Families (“TANF”), or Section 8 Housing also may be eligible.

A participant must be a customer of record with a separately metered electric or gas account, and live in a single-family or multi-family building; the residence must be their primary home. Customers who heat with fuel oil are eligible for Comfort Partners baseload measures and will also be referred to the Department of Community Affairs’ Weatherization Assistance Program (“WAP”) for other services as needed. Customers who heat with fuel oil where WAP cannot reasonably provide critical services, such as repairing or replacing oil fired heating systems, will be considered for conversion to natural gas by Comfort Partners. In addition, customers who receive natural gas service from an investor-owned natural gas New Jersey utility, and who receive electric service from a municipal electric company will also be eligible for Comfort Partners services. Ineligible customers will be referred to WAP or Home Performance with Energy Star (“HPWES”) for services.

Referrals will be made between Comfort Partners and WAP for measures not performed by either entity, i.e. WAP may refer customers to Comfort Partners for evaluation of central air conditioning and freezer replacements.

Offerings and Customer Incentives

Among the measures to be considered for each home are efficient lighting products; hot water conservation measures (water heater replacement and tank temperature turn-down); replacement of inefficient refrigerators and freezers; installation of programmable thermostats; insulation up-grades (attic, wall, basement, etc.); blower-door guided air sealing; duct sealing and repair; heating/cooling equipment maintenance, repair and/or replacement; and other measures as may be needed, such as repair or replacement of a broken window, repair of a hole in the wall and/or roof, and other barriers to installing energy efficiency measures. Specifically, mold or the installation of rain gutters, as an example.

Failed or failing heating or cooling systems can be replaced for efficiency and/or health and safety reasons, on a case-by-case basis as program funds permit. In the event of insufficient funding, or if Comfort Partner customer's homes require more treatment than the Comfort Partners program is designed to deliver, the Utilities' Working Group will attempt to maximize and leverage available resources by entering into discussions with WAP. The goal of such discussions will be to determine their interest in accepting Comfort Partners program referrals to install heating systems, and perform other needed work for energy efficiency and/or health and safety reasons.

Measure Selection

Energy efficiency measures, and other reasonable repairs required to install those measures, may be installed in each home. The program will review, on a case-by-case basis, the repair and installation of items that in and of themselves, may not be considered energy saving technologies, but would be required in order to effectively install energy conservation measures, such as the repair of a roof prior to the installation of attic insulation. Cost-effectiveness will be assessed on a measure and site-specific basis. All measures, their installation, and energy education services will be provided free of charge. The selection of measures designed to reduce heating and cooling will be guided by a spending calculation based on past energy consumption, and is a guide for contractors, not an absolute or prescriptive target or cap. If the site needs are greater than the calculated spending guideline, the contractor will confer with the appropriate utility after documenting reasons for requesting to exceed the spending guideline. The utility will decide to what extent additional work can be performed.

Refrigerator or freezer replacement will be based on on-site monitoring of the energy use of the existing unit. Consumption thresholds for cost-effective replacement vary according to size. Any refrigerator or freezer with measured consumption above the threshold values is eligible for free replacement with a new energy-efficient model. These values and procedures will be updated periodically to reflect changes in refrigerator costs and/or efficiency.

The cost-effective installation of energy-efficient lighting products will be based upon the wattage and the estimated average daily burn time for the existing lamp.

Domestic hot water and other custom measures will be installed according to program guidelines.

The costs associated with home repairs, such as the repair of a roof, will be excluded from the cost effectiveness test used to determine measure eligibility.

Delivery Methods

Electric and gas utilities with overlapping service territories will jointly deliver efficiency, health and safety and education services so that customers receive both gas and electric efficiency measures simultaneously. Selection of program delivery contractors and program delivery costs is shared between the participating gas and electric utilities. Currently, there are a total of six (6) contractors that are under contract with the utilities to perform the work in customer homes.

Pilot programs to address neighborhood canvassing, mold/moisture remediation, roof repairs, electrical repairs, lead, and asbestos remediation will be considered on a case-by-case basis with the implementation contractors who will contract directly with the appropriate organizations or approved subcontractors following utility approval.

The utilities will continue to use the JCP&L web-based CP System as the statewide platform to track all program participants, measures and energy savings. The system is used by all utilities, The Board of Public Utilities (“BPU”) Clean Energy staff, multiple program delivery vendors, inspection vendors and State WAP agencies. Maintenance and enhancements to the system will be paid by JCP&L and are incorporated in the administrative budget in Appendix A.

Quality Assurance Provisions

A minimum of 15 percent of randomly selected treated homes will be subject to verification and inspection by an independent contractor(s) hired by the utilities. Quality assurance processes will be continually reviewed and enhanced as required.

Budgets

A detailed budget for this program is attached in Appendix A. Allocation of costs in different cost categories may appear to be inconsistent among utilities – as an example, PSE&G covers the cost of statewide printing and JCP&L covers the cost for statewide CP System administration, program evaluation, etc.

The program spending allowance guidelines continue to be evaluated for the Comfort Partners Program to be consistent with other low income state weatherization programs.

Goals and Energy Savings

Goals

The goal for the number of electric service customers both served and committed is 4,400 on a twelve month basis from July 1, 2016 through June 30, 2017. The goal for the number of gas service customers both served and committed is 4,090 on a twelve month basis from July 1, 2016 through June 30, 2017.

The Comfort Partners Utilities’ Working Group adopted the 2006 APPRISE Inc. recommendation from the evaluation of the Universal Service Fund and the December 2014 Comfort Partners evaluation that the Working Group will engage stakeholders to develop an initiative to encourage a greater number of USF customers to participate in a Comfort Partners Program audit. Apprise further

recommended that "The BPU should work with the utilities to standardize their system for referring USF clients to the Comfort Partners program and establish official guidelines for coordinating these two benefits" (Executive Summary page xxii). Due to a finite pool of applicants and the high cost of marketing, the Comfort Partners Utilities' Working Group fully supports this initiative and would like to move forward with the support of the BPU.

As per the December 2014 Apprise evaluation recommendations, the Program is transitioning from serving as many homes as the budget would allow, to striving to install deeper energy savings measures per project. While remaining within the program budget, this will increase the costs for remediating health and safety issues as they are typically barriers preventing deeper energy savings and increase the average cost per household. This will result in a lower number of participants being served.

Energy Savings

Energy saving estimates are calculated using the latest protocols approved by the BPU, Docket No. EO09120975, approved December 16, 2015. Given that standard, it is estimated that the Program will save approximately 3,900 MWH of electric and 38,000 DTH of gas during FY 2017.

**New Jersey Clean Energy Campaign:
Clean Power Choice Program (“CPC”)
Description**

The Clean Power Choice Program ceased being delivered under the New Jersey Clean Energy Program and ceased being financially supported in the New Jersey Clean Energy Budget as of January 1, 2013. Since that time, decisions regarding assessment of costs to the Clean Power Marketers and continued support of the program have rested entirely with the business judgment of the Electric Distribution Companies pursuant to the June 21, 2013 BPU Order in Docket Nos. EO07030203 and EO11100631V. Atlantic City Electric, Jersey Central Power and Light, and Public Service Electric and Gas have and will continue to maintain the existing CPC program in their respective service territories as long as there are no incremental costs to these three Electric Distribution Companies in doing so. Rockland Electric Company has and will continue to maintain the existing program in its service territory, as long as all costs in doing so are borne by the Clean Power Marketers, and there are no incremental costs. Each utility will provide the Board with 90 days written notice if the utility decides to cease or otherwise change the terms of their support for the CPC program.

Appendix A

July 1st 2016 - June 30th 2017 CP Budget (Proposed 3/31/2016)								
		Admin and Program Development	Sales, Marketing, Call Centers, Web Site	Training	Rebates, Grants and Other Direct Incentives	Rebate Processing, Inspections, Other QC	Evaluation & Research	Contractor Perf. Incentives
ACE	\$1,413,917.71	\$145,124.49	\$14,154.56	\$13,915.94	\$1,161,126.68	\$79,596.04	\$0.00	\$0.00
JCP&L	\$3,369,179.70	\$337,588.06	\$69,460.18	\$30,236.73	\$2,589,855.95	\$242,038.78	\$100,000.00	\$0.00
PSE&G- Elec	\$6,519,015.81	\$395,685.31	\$168,320.44	\$68,665.03	\$5,588,939.51	\$297,405.52	\$0.00	\$0.00
RECO	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NJNG	\$4,422,503.05	\$211,234.58	\$163,984.58	\$51,484.58	\$3,736,409.14	\$259,390.17	\$0.00	\$0.00
Elizabethov	\$2,490,422.14	\$135,270.63	\$44,736.66	\$35,753.70	\$2,166,106.72	\$108,554.43	\$0.00	\$0.00
PSE&G-Gas	\$9,778,523.69	\$593,527.96	\$252,480.66	\$102,997.54	\$8,383,409.25	\$446,108.28	\$0.00	\$0.00
SJG	\$2,006,437.90	\$202,316.98	\$52,188.52	\$52,437.04	\$1,535,203.65	\$164,291.71	\$0.00	\$0.00
TOTAL	\$30,000,000.00	\$2,020,748.01	\$765,325.60	\$355,490.56	\$25,161,050.90	\$1,597,384.93	\$100,000.00	\$0.00
PSE&G - Cor	\$16,297,539.50	\$989,213.27	\$420,801.10	\$171,662.57	\$13,972,348.76	\$743,513.80	\$0.00	\$0.00